The following is the text of a report, prepared for the purpose of incorporation in this document, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUANGZHOU EHOLLY INTELLIGENT EQUIPMENT CO., LTD. AND GUOTAI JUNAN CAPITAL LIMITED AND ORIENT CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Guangzhou Eholly Intelligent Equipment Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-[•] to I-[•], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-[•] to I-[•] forms an integral part of this report, which has been prepared for inclusion in this document of the Company dated [•] (the "**Document**") in connection with the initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information* in Investment Circulars as issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[3] have been made.

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[•]
Certified Public Accountants
Hong Kong
[DATE]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the (the "**HKSAs**") as issued by the HKICPA (the "**Underlying Financial Statements**")

The Historical Financial Information is presented in Renminbi **("RMB")** and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December		
		2023	**2024**	**2025**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
REVENUE	5	294,048	393,939	552,096
Cost of sales		(236,439)	(272,081)	(407,534)
Gross profit		57,609	121,858	144,562
Other income and gains	6	21,035	4,370	19,394
Selling and marketing expenses		(11,929)	(10,594)	(13,230)
Administrative expenses		(35,411)	(28,997)	(28,877)
Research and development expenses		(37,553)	(41,463)	(49,365)
(Impairment)/reversal of impairment losses on financial and contract assets under expected credit loss model ("**ECL**"), net		1,357	(1,881)	1,799
Fair value gains on investments measured at FVTPL, net		167	13,218	8,345
Other expenses	9	(700)	(2,071)	(1,226)
Finance costs	8	(2,752)	(2,316)	(2,053)
(LOSS)/PROFIT BEFORE TAX	7	(8,177)	52,124	79,349
Income tax credit/(expense)	12	8,886	(849)	(9,683)
PROFIT FOR THE YEAR		709	51,275	69,666
Attributable to:				
Owners of the parent		879	53,027	69,353
Non-controlling interests		(170)	(1,752)	313
		709	51,275	69,666
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted				
— For profit for the year (RMB)	14	0.01	0.66	0.87

For details of the Pre-[REDACTED] Investments, please refer to note 32 to the Historical Financial Information.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
PROFIT FOR THE YEAR	709	51,275	69,666
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	—	—	(35)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	—	—	(35)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	709	51,275	69,631
Attributable to:			
Owners of the parent	879	53,027	69,318
Non-controlling interests	(170)	(1,752)	313
	709	51,275	69,631

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
		2023	**2024**	**2025**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	15	55,179	51,343	183,551
Right-of-use assets	16(a)	46,364	72,320	67,448
Intangible assets	17	1,633	1,237	1,327
Prepayments, deposits and other receivables	22	4	110	15,536
Deferred tax assets	31	36,987	36,885	28,950
Investments measured at FVTPL	18	17,819	31,037	39,382
Total non-current assets		157,986	192,932	336,194
CURRENT ASSETS				
Inventories	20	515,883	512,891	678,461
Trade and bills receivables	21	69,237	90,258	194,241
Contract assets	23	43,095	37,424	101,792
Prepayments, deposits and other receivables	22	20,472	21,357	14,777
Tax recoverable		—	396	—
Pledged and restricted deposits	25	4,148	21,905	92,862
Financial assets at FVTPL	19	—	—	4,029
Cash and cash equivalents	25	96,527	109,265	261,699
Total current assets		749,362	793,496	1,347,861
CURRENT LIABILITIES				
Trade and bills payables	26	153,549	248,849	504,521
Contract liabilities	27	279,649	223,973	456,026
Other payables and accruals	29	11,818	15,834	36,601
Interest-bearing bank and other borrowings	30	3,305	1,670	2,566
Lease liabilities	16(b)	5,156	3,759	4,104
Income tax payable		4,601	—	1,711
Provisions	28	899	1,255	1,716
Total current liabilities		458,977	495,340	1,007,245
NET CURRENT ASSETS		290,385	298,156	340,616
TOTAL ASSETS LESS CURRENT LIABILITIES		448,371	491,088	676,810

		As at 31 December		
		2023	**2024**	**2025**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	30	—	—	118,595
Deferred income		—	—	1,600
Lease liabilities	16(b)	49,054	40,496	36,392
Total non-current liabilities		49,054	40,496	156,587
Net assets		399,317	450,592	520,223
EQUITY				
Equity attributable to owners of the parent				
Share capital	32	80,000	80,000	80,000
Reserves	33	322,208	375,235	444,553
		402,208	455,235	524,553
Non-controlling interests		(2,891)	(4,643)	(4,330)
Total equity		399,317	450,592	520,223

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent					
	Paid-in capital/Share capital	Capital reserve/Share premium	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	11,212	528,236	(138,119)	401,329	(2,721)	398,608
Profit/(loss) and total comprehensive income/(loss) for the year	—	—	879	879	(170)	709
Conversion into a joint stock company *(note 32)*	68,788	(171,217)	102,429	—	—	—
At 31 December 2023	80,000	357,019*	(34,811)*	402,208	(2,891)	399,317

Year ended 31 December 2024

	Attributable to owners of the parent						
	Share capital	Share premium	Statutory reserve	Retained profits/ (accumulated losses)	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	80,000	357,019	—	(34,811)	402,208	(2,891)	399,317
Profit/(loss) and total comprehensive income/(loss) for the year	—	—	—	53,027	53,027	(1,752)	51,275
Appropriation to statutory reserves	—	—	5,873	(5,873)	—	—	—
At 31 December 2024	80,000	357,019*	5,873*	12,343*	455,235	(4,643)	450,592

Year ended 31 December 2025

	Attributable to owners of the parent								
	Share capital	Share premium	Special reserves	Translation reserve	Statutory reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	80,000	357,019	—	—	5,873	12,343	455,235	(4,643)	450,592
Profit for the year	—	—	—	—	—	69,353	69,353	313	69,666
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations	—	—	—	(35)	—	—	(35)	—	(35)
Total comprehensive income/(loss) for the year	—	—	—	(35)	—	69,353	69,318	313	69,631
Appropriation to statutory reserves	—	—	—	—	3,583	(3,583)	—	—	—
Appropriation of safety fund	—	—	186	—	—	(186)	—	—	—
At 31 December 2025	80,000	357,019*	186*	(35)*	9,456*	77,927*	524,553	(4,330)	520,223

* These reserve accounts comprise total reserve of RMB322,208,000, RMB375,235,000 and RMB444,553,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before tax		(8,177)	52,124	79,349
Adjustment for:				
Finance costs	8	2,752	2,316	2,053
Bank interest income	6	(3,668)	(996)	(621)
Losses on disposal of property, plant and equipment, and termination of leases, net	7	47	351	3
Depreciation of property, plant and equipment	7	7,347	7,353	6,951
Depreciation of right-of-use assets	7	6,178	4,874	4,872
Amortisation of intangible assets	7	319	396	421
Write-down of inventories to net realisable value	7	14,053	19,527	10,872
Gains on disposal of financial assets at FVTPL	6	(847)	(545)	(370)
Gains on disposal of an investment measured at FVTPL	6	(6,597)	—	—
Fair value gains on investments measured at FVTPL		(167)	(13,218)	(8,345)
Fair value gains on financial assets at FVTPL	6	—	—	(28)
(Impairment)/reversal of impairment losses on financial and contract assets under expected credit loss model ("ECL"), net	7	(1,357)	1,881	(1,799)
Foreign exchange differences, net	7	—	—	15
		9,883	74,063	93,373
Increase in inventories		(25,016)	(16,535)	(176,442)
Increase in trade and bills receivables		(129,396)	(259,343)	(628,305)
(Increase)/decrease in contract assets		(12,778)	5,399	(65,160)
(Increase)/decrease in prepayments, deposits and other receivables		(65,512)	(905)	6,570
Increase in trade and bills payables		186,262	331,034	781,423
Increase in other payables and accruals		10,332	3,065	25,803
(Decrease)/increase in contract liabilities		(118,904)	(55,676)	232,053
Decrease/(increase) in pledged and restricted bank deposit		7,401	(17,757)	(70,957)
Increase in deferred income		—	—	1,600
Increase in provisions		883	356	461
Cash (used in)/generated from operations		(136,845)	63,701	200,419
Interest received		3,668	996	621
Income tax (paid)/refunded		(3,691)	(5,744)	359
Net cash flows (used in)/generated from operating activities		(136,868)	58,953	201,399

		Year ended 31 December		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of items of property, plant and equipment		—	610	9
Purchases of items of property, plant and equipment, intangible assets and other non-current assets		(12,284)	(4,250)	(159,362)
Purchases of leasehold land		—	(36,635)	—
Proceeds from disposal of an investment measured at FVTPL		10,000	—	—
Proceeds from withdrawal of financial assets at FVTPL		76,261	109,144	225,579
Purchases of an investment measured at FVTPL		(10,000)	—	—
Placement of financial assets at FVTPL		(20,412)	(108,599)	(229,210)
Net cash flows generated from/(used in) investing activities		43,565	(39,730)	(162,984)
CASH FLOWS FROM FINANCING ACTIVITIES				
New bank and other borrowings	34	3,305	5,973	121,381
Repayment of bank and other borrowings	34	—	(6,609)	(798)
Interest paid	34	(10)	(104)	(738)
Payment of lease liabilities	34	(6,266)	(5,745)	(5,776)
Net cash flows (used in)/generated from financing activities		(2,971)	(6,485)	114,069
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(96,274)	12,738	152,484
Cash and cash equivalents at beginning of year	25	192,801	96,527	109,265
Effect of foreign exchange rate changes, net		—	—	(50)
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	96,527	109,265	261,699

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
		2023	**2024**	**2025**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	15	9,790	8,232	9,289
Right-of-use assets	16(a)	11,845	4,582	2,686
Intangible assets	17	411	328	730
Investment in subsidiaries	24	59,600	82,750	105,141
Prepayments, deposits and other receivables	22	4	4	535
Deferred tax assets	31	25,692	20,799	17,975
Investments measured at FVTPL	18	17,819	31,036	39,381
Total non-current assets		125,161	147,731	175,737
CURRENT ASSETS				
Inventories	20	227,090	96,440	60,582
Trade and bills receivables	21	64,996	94,111	146,367
Contract assets	23	43,095	37,424	98,354
Prepayments, deposits and other receivables	22	271,740	347,247	469,304
Pledged and restricted deposits	25	4,148	16,843	92,862
Financial assets at FVTPL	19	—	—	4,029
Cash and cash equivalents	25	70,061	80,282	145,272
Total current assets		681,130	672,347	1,016,770
CURRENT LIABILITIES				
Trade and bills payables	26	60,541	87,421	176,150
Contract liabilities	27	279,649	214,946	452,940
Other payables and accruals	29	33,433	33,079	45,931
Interest-bearing borrowings	30	999	1,670	401
Lease liabilities	16(b)	3,511	2,166	2,385
Provision	28	899	1,255	1,716
Total current liabilities		379,032	340,537	679,523
NET CURRENT ASSETS		302,098	331,810	337,247

		As at 31 December		
		2023	**2024**	**2025**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		427,259	479,541	512,984
NON-CURRENT LIABILITIES				
Lease liabilities	16(b)	9,813	3,364	979
Total non-current liabilities		9,813	3,364	979
Net assets		417,446	476,177	512,005
EQUITY				
Equity attributable to owners of the parent				
Share capital	32	80,000	80,000	80,000
Reserves	33	337,446	396,177	432,005
Total equity		417,446	476,177	512,005

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Guangzhou Eholly Intelligent Equipment Co., Ltd. (the "**Company**") was incorporated as a limited liability in Guangzhou, People's Republic of China (the "**PRC**") on 11 April 2014. It was converted into a joint stock company with limited liability in July 2023. The registered office of the Company is located at Units 101–301, Building 3, No. 9 Shinan 2nd Road, Huijiang, Dashi Street, Panyu District, Guangzhou, China.

The controlling shareholders of the Company are Mr. Wang Gang and Mr. Zhang Quan pursuant to an acting-in-concert agreement.

During the Relevant Periods, the Company and its subsidiaries (collectively the "**Group**") were involved in the research, manufacturing and trading of lithium-ion battery specialized equipment.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of registration and operations	Registered share capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Eholly Intelligent Equipment(Yixing) Co., Ltd. (易鴻智能裝備(宜興)有限公司)* *(note (a))*	Incorporated in Chinese mainland in 2021	RMB30,000,000	100	—	R&D, Manufacturing and Sales of Lithium-Ion Battery Equipment
Guangzhou Dingfeng Automation Equipment Co., Ltd. (廣州市頂豐自動化設備有限公司)* *(note (a))*	Incorporated in Chinese mainland in 2004	RMB10,000,000	100	—	R&D and Sale of Lithium-Ion Battery System and Software
Guangzhou Zhicheng Technology Co., Ltd. (廣州至成科技有限公司)* *(note (a))*	Incorporated in Chinese mainland in 2019	RMB10,000,000	65	—	R&D, Manufacturing and Sales of Lithium-Ion Battery Equipment
Yihong Intelligent Equipment (Changzhou) Co., Ltd. (易鴻智能裝備(常州)有限公司)* *(note (a))*	Incorporated in Chinese mainland in 2023	RMB60,000,000	100	—	R&D, Manufacturing and Sales of Lithium-Ion Battery Equipment
Changzhou Yizhong Intelligence Technology Co., Ltd. (常州易中智能科技有限公司)* *(note (a))*	Incorporated in Chinese mainland in 2023	RMB5,000,000	55	—	Sales of Lithium-Ion Batteries Equipment
Changzhou Yizhan Intelligent Technology Co., Ltd. (常州市易展智能科技有限公司)* *(note (a))*	Incorporated in Chinese mainland in 2025	RMB10,000,000	51	—	Sales of Lithium-Ion Batteries Equipment
Yihong International Sales Co., Limited(易鴻國際銷售有限公司)* *(note (a))*	Incorporated in Hong Kong in 2025	HKD210,000	100	—	Overseas Company Shareholding Center
Eholly Intelligent Equipment Hungary KFT. (匈牙利易鴻智能裝備有限公司)* *(note (a))*	Incorporated in Hungary in 2024	HUF300,000	100	—	After-Sales Support Hub for Corporate Products

Name	Place and date of registration and operations	Registered share capital	Percentage of equity attributable to the Company Direct %	Percentage of equity attributable to the Company Indirect %	Principal activities
EHOLLY OVERSEAS SALES AND SERVICE LIMITED (易鴻海外銷售服務有限公司) *(note (a))*	Incorporated in the United Kingdom in 2025	GBP190,000	—	100	Sales of Lithium-Ion Battery Equipment

(a) As at the date of this report, no audited financial statements have been prepared for these entities for the years ended 31 December 2023, 2024 and 2025 as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of incorporation.

Note:

* The English names of the above company registered in the PRC represents the best efforts made by the directors of the Company in directly translating the Chinese names of these companies as no English names have been registered.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards which comprise all standards and interpretations approved by the International Accounting Standards Board ("**IASB**").

All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

As further set out in note 32 to the Historical Financial Information, certain of the ordinary shares issued by the Company included redemption right granted to certain shareholders according to their investment agreements entered into with the Company. For ordinary shares issued to pre-[REDACTED] investors, pursuant to the supplemental agreements entered into between the Company and the pre-[REDACTED] Investors in relation to the termination of certain of special rights granted by the Company, including redemption rights, which are void ab initio as described in note 32 to this report, having taking into account the legal and regulatory framework of the Company's jurisdictionand the governing law of the supplementary agreements, the directors considered that it is appropriate to present the pre-[REDACTED] Investments as equity throughout the Relevant Periods. For the details of financial impacts, see note 32 of this report.

The Historical Financial Information has been prepared under the historical cost convention, except for certain portion of bills receivable, investments measured at fair value through profit or loss ("**Investments measured at FVTPL**") and financial assets at fair value through profit or loss ("**Financial assets at FVTPL**") which has been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial information of the Group for the Relevant Periods. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these Historical Financial Information. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IAS21	*Translation to a Hyperinflationary Presentation Currency*[3]
Annual improvements to IFRS Accounting Standards — Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[2]

1 No mandatory effective date yet determined but available for adoption
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027

The Group is in the process of making a detailed assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. So far, the Group considers that these new and amended IFRS Accounting Standards, except for IFRS 18, may not result in changes in accounting policies and no significant impact on the Group's financial performance and financial position is expected in the period of initial application. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

The Group measures its certain financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	5.00%
Machinery equipment	10.00%
Motor vehicles	20.00%
Electronic equipment and others	20.00% to 33.33%
Leasehold improvements	5.17% to 33.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The principal estimated useful lives of intangible assets are as follows:

Categories	**Estimated useful lives**
Software	5 years

The estimated useful lives of intangible assets are determined by considering the period of the economic benefits to the Group or the periods of validity of intangible assets protected by the relevant laws, as well as by referring to the industry practice.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land use rights	50 years
Buildings	3 to 20 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instrument)

For debt investments at fair value through other comprehensive income, interest income and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair changes are recognised in other comprehensive income. Upon derecognition the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Investments measured at FVTPL

The Group measures certain unlisted investments at FVTPL as they fail to meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Fair value changes and gains and losses on disposal of these investments are recognised in the statement of profit or loss. Investments measured at FVTPL are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1	—	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	—	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	—	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. For trade receivables and contract assets from debtors individually significant to the Group, the Group has established a credit risk assessment under which individual credit evaluations for such debtors/customer are performed. The provision rates are based on credit rating of these individually significant and adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions. For trade receivables and contract assets from debtors not individually significant to the Group, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and bills payables, other payables and accruals and interest-bearing bank borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Classification as equity and financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

The Group provides for assurance-type warranties in relation to the sale of certain intelligent equipment for general repairs of defects and technical support if needed occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, at the directors' best estimate of the expenditure required to settle the Group's obligation, discounted to their present values as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(a) Sale of intelligent equipment

Each of the equipment involves a comprehensive process, including design, manufacture, delivery, installation and commissioning of customised products to the customers. Given that customers cannot benefits from part of the process, each of the equipment is accounted for as a single performance obligation. Revenue from sales of intelligent equipment is generally recognised upon the receipt of customer acceptance. Such acceptance is formally acknowledged through a signed document verifying that the equipment meets the specified requirements and is fully operational to the customer's satisfaction, which representing the customer has the ability to direct the use of the equipment and obtain substantially all of the remaining benefits of the equipment. Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customers, generally upon acceptance of the products.

Typically, upon signing of a sales contract, the customer is obligated to remit a deposit of approximately 30%~40% of the total contract amount. When the equipment is delivered, the customer is required to settle approximately 30% of the total contract amount. Subsequently, upon the completion of installation and commissioning of the equipment, and upon receipt of the customer's signed acceptance confirmation, the customer is obliged to pay an additional approximately 20%~40% of the total contract amount. Finally, approximately 0%~10% of the contract amount is withheld by the customers and is released upon the fulfillment of a one-year retention period. The services to be provided during the retention period is considered as an assurance-type warranty in order to ensure the equipment will be operational as needed and is accounted for in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*.

(b) Rendering services

Revenue is recognised at a point in time when the service is completed and accepted by the customer, in accordance with the contractual terms.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract fulfillment costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract fulfillment costs are presented as part of "Goods in transit" and are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Other employee benefits

Pension scheme

The employees of the Company and Group's subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances — Chinese mainland

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in each of the Relevant Periods.

Termination benefits

The Group provides termination benefits to employees and recognises an employee benefits liability for termination benefits, with a corresponding charge to profit or loss, at the earlier of when the Group can no longer withdraw the offer of those benefits resulting from an employment termination plan or a curtailment proposal and when the Group recognises costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its Historical Financial Information. The Group will adjust the amounts recognised in its Historical Financial Information to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its Historical Financial Information, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Dividends are recognised as a liability when they are approved by the shareholders' general meeting. Proposed dividends are disclosed in the note 13 to the Historical Financial Information.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Business models

The classification of financial assets at initial recognition depends on the Group's business model for managing financial assets. When determining the business model, the Group considers the methods used to evaluate and report financial asset performance to key management, the risks affecting the performance of financial assets and the risk management, and the manner in which the relevant management receives remuneration. When assessing whether the objective is to collect contractual cash flows, the Group needs to analyse and judge the reason, timing, frequency and value of the sale before the maturity date of the financial assets.

Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics, and the judgements on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, including assessing the modification of the time value of money, determining whether there is any significant difference from the benchmark cash flow and evaluating whether the fair value of the prepayment features is insignificant for financial assets with prepayment features, etc.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Further details of the Group's tax losses not recognised, are included in note 31 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables and contract assets

For trade receivables and contract assets from debtors individually significant to the Group, the Group has established a credit risk assessment under which individual credit evaluations for such debtors/customer are performed. The provision rates are based on credit rating of these individually significant and adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions.

For trade receivables and contract assets from debtors not individually significant to the Group, the Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days from recognition date for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At the end of each of the Relevant Periods, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 21 and note 23 to the Historical Financial Information, respectively.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Write-down of inventories to net realisable value

The Group reviews the carrying amounts of the inventories at the end of each of the Relevant Periods to determine whether the inventories are carried at the lower of cost and net realisable value. The net realisable value is estimated based on the current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories written down or the related reversals of write-down and affect the Group's financial position.

Fair value of unlisted investments

The unlisted investments have been valued based on valuation technique primarily comprise recent transaction prices as detailed in note 39 to the Historical Financial Information. The Group classifies the fair value of these investments as Level 3. Further details are included in note 18 and note 39 to the Historical Financial Information.

Provisions

Based on the terms of the contracts, existing knowledge and historical experience, the Group estimates and makes provision for product quality assurance, etc. Where a contingent event has formed a current obligation and the performance of such a current obligation is likely to result in an outflow of economic benefits from the Group, the Group recognises the contingent event as an anticipated liability in accordance with the best estimate of the expenditure required to fulfil the relevant current obligation. The recognition and measurement of the liabilities depend largely on the estimation of the management. In making the estimation, the Group shall assess the risk, uncertainty and time value of the currency associated with such contingencies.

The Group provides after-sales quality maintenance commitment for the selling goods to the customers, and recognises the estimated liabilities for the commitment. The Company's recent maintenance experience data has been taken into account in the estimated liabilities, and the risks and uncertainties related to the maintenance matters have been comprehensively considered. Any increase or decrease in this provision may affect profits and losses in the future.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in one single operating segment, i.e., research, manufacturing and sales of intelligent equipment. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Chinese mainland	293,054	249,821	543,929
Other countries/regions	994	144,118	8,167
Total	294,048	393,939	552,096

The revenue information above is based on the locations of the customers.

(b) Non-current assets

The geographical information of non-current assets is not presented as more than 90% of the non-current assets of the Group are located in Chinese mainland.

Information about major customers

Revenue from the major customers, including sales to a group of entities which are known to be under common control with that customer, which amounted to 10% or more of the Group's revenue is set out below:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Customer A	252,765	264,381	418,631
Customer B	N/A	92,475	N/A

N/A represents revenue from the customer which amounted to less than 10% of the Group's revenue.

5. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers	294,048	393,939	552,096

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Types of goods or services			
Lithium-ion Battery Intelligent Equipment	96,161	180,958	461,499
Machine Vision Inspection Solutions	173,647	182,714	71,479
Services and others	24,240	30,267	19,118
Total	294,048	393,939	552,096
Geographical markets			
Chinese mainland	293,054	249,821	543,929
Other countries/regions	994	144,118	8,167
Total	294,048	393,939	552,096
Times of revenue recognition			
Goods/services transferred at a point in time	294,048	393,939	552,096
Total	294,048	393,939	552,096

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	146,956	202,698	170,358

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of intelligent equipment

Intelligent equipment includes Lithium-ion Battery Intelligent Equipment and Machine Vision Inspection Solutions.

The performance obligation is satisfied upon the receipt of customer acceptance for the intelligent equipment and payment is generally due within 3 to 9 months from issue of invoices. Certain percentage of payment in advance is normally required upon signing of sales contract.

The Group elected to apply the practical expedient for not to disclose the remaining performance obligations as the majority of them are part of contracts that has an original expected duration of one year or less.

Rendering services

The performance obligation is satisfied upon the obtaining the acceptance receipt after the completion of service.

6. OTHER INCOME AND GAINS

An analysis of other income and gains, is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Government grants*	7,745	1,253	14,625
Additional VAT deduction**	1,799	918	3,614
Bank interest income	3,668	996	621
Rental income	1	—	106
Total other income	13,213	3,167	18,966
Other gains			
Gains on disposal of property, plant and equipment, and termination of leases	164	618	1
Gains on disposal of financial assets at financial assets at FVTPL	847	545	370
Gains on disposal of an investment measured at FVTPL	6,597	—	—
Fair value gains on financial assets at FVTPL	—	—	28
Others	214	40	29
Total gains	7,822	1,203	428
Total other income and gains	21,035	4,370	19,394

* Government grants related to income that is received or receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs recognised in profit or loss in the period upon actual receipt.

In accordance with the Notice of Ministry of Finance and State Administration of Taxation on Value-added Tax Policies for Software Products which was promulgated by the Ministry of Finance and the State Administration of Taxation on 13 October 2011 and came into effect on 1 January 2011, enterprises engaged in the sales of self-developed software in the PRC are entitled to the value added tax refund to the portion of value-added tax actually paid which exceeds 3% of the related sale amounts.

** According to the regulations of Ministry of Finance and the State Administration of Taxation, an entity within the Group can enjoy an additional 5% deduction calculated based on the input value-added tax ("VAT") from the VAT payable since 1 January 2023. The amount of additional deduction was recognised in profit or loss when the entities declared and enjoyed the preferential tax treatment.

7. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

		Year ended 31 December		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Cost of goods sold***		222,386	252,554	396,662
Depreciation of property, plant and equipment*	15	7,347	7,353	6,951
Depreciation of right-of-use assets*	16(a)	6,178	4,874	4,872
Amortisation of intangible assets*	17	319	396	421
Research and development costs		37,553	41,463	49,365
Gains on disposal of financial assets at financial assets at FVTPL	6	(847)	(545)	(370)
Fair value gains on financial assets at FVTPL	6	—	—	(28)
Fair value gains on investments measured at FVTPL, net		167	13,218	8,345
Gains on disposal of an investment measured at FVTPL	6	6,597	—	—
Expense relating to short-term leases and leases of low-value assets	16(c)	2,320	1,587	1,570
Employee benefit expense (excluding directors' and chief executive's remuneration *(note 10)*):				
Wages and salaries**		91,462	73,694	84,290
Pension scheme contributions and social welfare**		14,468	11,983	13,420
Subtotal		105,930	85,677	97,710
Foreign exchange differences, net		—	—	15
(Reversal of impairment)/impairment losses of financial and contract assets, net		(1,357)	1,881	(1,799)
Write-down of inventories to net realisable value***		14,053	19,527	10,872
Losses on disposal of property, plant and equipment, and termination of leases, net		47	351	3

* The depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets for the Relevant Periods are included in "Cost of sales", "Administrative expenses", "Selling and marketing expenses" and "Research and development expenses" in profit or loss.

** The wages and salaries, pension scheme contributions and social welfare are included in "Cost of sales", "Selling expenses", "Administrative expenses", and "Research and development expenses" in profit or loss.

*** The amount of "Cost of goods sold" presented "Cost of sales" in profit or loss after excluding the impairment losses on inventories provided during the Relevant Periods.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on interest-bearing bank and other borrowings	10	104	818
Interest on lease liabilities	2,742	2,212	2,017
	2,752	2,316	2,835
Less: Interest capitalised	—	—	(782)
Total	2,752	2,316	2,053

For details of the Pre-[REDACTED] Investments, please refer to Note 32 to the Historical Financial Information.

9. OTHER EXPENSES

An analysis of other expenses is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Donations	50	130	150
Losses on disposal of items of property, plant and equipment	211	969	4
Foreign exchange differences, net	—	—	15
Loss on derecognition of financial assets measured at FVOCI	370	578	1,022
Others	69	394	35
Total	700	2,071	1,226

10. EXECUTIVE DIRECTOR AND SUPERVISORS' REMUNERATION

The remuneration of executive directors and supervisors for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fees	—	—	—
Other emoluments:			
Salaries, allowances and benefits in kind	1,896	2,739	2,767
Pension scheme contributions and social welfare	486	537	556
Total	2,382	3,276	3,323

(a) Executive directors and supervisors

Year ended 31 December 2023

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:				
Mr. Wang Gang (i)	—	278	103	381
Mr. Zhang Quan (ii) (Chief Executive Officer)	—	413	116	529
Mr. Zhao Zhe (iii)	—	413	103	516
Mr. Xiao Shengduan (iv)	—	298	103	401
Subtotal	—	1,402	425	1,827
Supervisors				
Mr. Xing Chenrong (v)	—	151	18	169
Mr. Li Xiaodong (vi)	—	156	22	178
Mr. Cai Wei (vii)	—	187	21	208
Subtotal	—	494	61	555
Total	—	1,896	486	2,382

Year ended 31 December 2024

	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Pension scheme contributions and social welfare *RMB'000*	Total remuneration *RMB'000*
Executive directors:				
Mr. Wang Gang (i)	—	446	96	542
Mr. Zhang Quan (ii) (Chief Executive Officer)	—	411	114	525
Mr. Zhao Zhe (iii)	—	411	96	507
Mr. Xiao Shengduan (iv)	—	411	94	505
Subtotal	—	1,679	400	2,079
Supervisors				
Mr. Xing Chenrong (v)	—	302	46	348
Mr. Li Xiaodong (vi)	—	397	46	443
Mr. Cai Wei (vii)	—	361	45	406
Subtotal	—	1,060	137	1,197
Total	—	2,739	537	3,276

Year ended 31 December 2025

	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Pension scheme contributions and social welfare *RMB'000*	Total remuneration *RMB'000*
Executive directors:				
Mr. Wang Gang (i)	—	445	101	546
Mr. Zhang Quan (ii) (Chief Executive Officer)	—	409	116	525
Mr. Zhao Zhe (iii)	—	409	101	510
Mr. Xiao Shengduan (iv)	—	409	99	508
Subtotal	—	1,672	417	2,089
Supervisors				
Mr. Xing Chenrong (v)	—	302	46	348
Mr. Li Xiaodong (vi)	—	394	47	441
Mr. Cai Wei (vii)	—	399	46	445
Subtotal	—	1,095	139	1,234
Total	—	2,767	556	3,323

(i) Mr. Wang Gang was appointed as an executive director of the Company with effect from 1 April 2014.

(ii) Mr. Zhang Quan was appointed as an executive director of the Company with effect from 1 October 2016.

(iii) Mr. Zhao Zhe was appointed as an executive director of the Company with effect from 1 September 2018.

(iv) Mr. Xiao Shengduan was appointed as an executive director of the Company with effect from 1 September 2018.

(v) Mr. Xing Chenrong was appointed as a supervisor of the Company with effect from 27 June 2023.

(vi) Mr. Li Xiaodong was appointed as a supervisor of the Company with effect from 27 June 2023.

(vii) Mr. Cai Wei was appointed as a supervisor of the Company with effect from 27 June 2023.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

11. FIVE HIGHEST PAID EMPLOYEES

For the year ended 31 December 2023, two of the five employees with the highest remuneration were directors of the Company. For the years ended 31 December 2024 and 2025, one of the five employees with the highest remuneration was a director of the Company. Details of the remuneration for the remaining highest paid employees during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	1,618	2,959	2,328
Pension scheme contributions and social welfare	85	153	159
Total	1,703	3,112	2,487

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Nil to HK$1,000,000	3	3	4
HK$1,000,001 to HK$1,500,000	—	1	—
Total	3	4	4

12. INCOME TAX CREDIT/(EXPENSE)

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese mainland

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% during the Relevant Periods unless subject to tax concession set out below.

According to the Administrative Measures for Determination of High and New Tech Enterprises ("**HNTE**"), which was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation and became effective on 1 January 2016 an enterprise recognised as a high and new technology enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the CIT Law. The Company is subject to a preferential income tax rate of 15% for the financial years ended 31 December 2023, 2024 and 2025 as they were accredited as HNTE in 2023.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and its implementing regulations, as well as the relevant provisions of the Announcement on Further Tax and Fee Policies to Support the Development of Small and Micro Enterprises and Individual Businesses (Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration), the preferential corporate income tax policy, whereby qualified small and micro enterprises are subject to a tax rate on 25% of their taxable income at a reduced rate of 20%, has been extended until 31 December 2027. Guangzhou Zhicheng Technology Co., Ltd., Yihong Intelligent Equipment (Changzhou) Co., Ltd and Changzhou Yizhong Intelligence Technology Co., Ltd., Changzhou Yizhan Intelligent Technology Co., Ltd, meet the criteria for small and micro enterprises and thus enjoy the aforementioned corporate income tax incentives.

Guangzhou Dingfeng Automation Equipment Co., Ltd. ("**Guangzhou Dingfeng**"), a subsidiary of the Company, was accredited as HNTE in 2023 and is subject to a preferential income tax rate of 15%. In 2025, Guangzhou Dingfeng meets the criteria for small and micro enterprises and thus enjoy the corporate income tax incentives, and is subject to a tax rate on 25% of their taxable income at a 20% reduction in income tax rate.

Hong Kong

No provision for profits tax in Hong Kong was made as the Group did not have any assessable income subject to profits tax in Hong Kong during the Relevant Periods.

Hungary

No provision for profits tax in Hungary was made as the Group did not have any assessable income subject to profits tax in Hungary during the Relevant Periods.

The United Kingdom

No provision for profits tax in The United Kingdom was made as the Group did not have any assessable income subject to profits tax in The United Kingdom during the Relevant Periods.

The income tax credit/(expense) of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	(8,292)	(747)	(1,748)
Deferred income tax	17,178	(102)	(7,935)
Total	8,886	(849)	(9,683)

A reconciliation of the tax expense applicable to (loss)/profit before tax at the applicable rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit before tax	(8,177)	52,124	79,349
Tax at the applicable tax rate	3,661	(6,489)	(17,565)
Expenses not deductible for tax	(254)	(261)	(421)
Additional deductible allowance for research and development expenses	5,479	5,902	8,504
Tax losses not recognised	—	(1)	(201)
Total	8,886	(849)	(9,683)

13. DIVIDEND

No dividends have been paid or declared by the Company during the Relevant Periods.

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of share capital outstanding during the Relevant Periods.

In July 2023, the Company was converted to a joint stock limited liability company. A total of 68,788,000 shares of par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders. The conversion of paid-in capital to share capital with par value of RMB1.00 each is applied retrospectively for the Relevant Periods for the purpose of computation of basic earnings per share.

No adjustment has been made to the basic earnings per share amounts presented for the Relevant Periods in respect of a dilution as the Group had no potentially dilutive ordinary shares outstanding during the Relevant Periods.

The calculation of basic earnings per share is based on:

	Year ended 31 December		
	2023	**2024**	**2025**
Earnings			
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation (RMB'000)	879	53,027	69,353
Shares			
Weighted average number of ordinary shares outstanding during the year, used in the basic earnings per share calculation (in thousand shares)	80,000	80,000	80,000

15. PROPERTY, PLANT AND EQUIPMENT

The Group

As at 31 December 2023	Building	Machinery	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023:							
Cost	81	16,522	5,959	5,930	24,011	6,321	58,824
Accumulated depreciation	—	(1,119)	(2,042)	(2,059)	(1,399)	—	(6,619)
Net carrying amount	81	15,403	3,917	3,871	22,612	6,321	52,205
At 1 January 2023, net of accumulated depreciation	81	15,403	3,917	3,871	22,612	6,321	52,205
Additions	—	1,576	1,531	702	—	6,723	10,532
Disposals	—	—	(174)	(37)	—	—	(211)
Depreciation provided during the year	(4)	(1,804)	(1,249)	(1,698)	(2,592)	—	(7,347)
Transfers	—	2,820	—	—	9,496	(12,316)	—
At 31 December 2023, net of accumulated depreciation	77	17,995	4,025	2,838	29,516	728	55,179
As at 31 December 2023							
Cost	81	20,918	6,932	6,178	33,507	728	68,344
Accumulated depreciation	(4)	(2,923)	(2,907)	(3,340)	(3,991)	—	(13,165)
Net carrying amount	77	17,995	4,025	2,838	29,516	728	55,179

As at 31 December 2024	Building	Machinery	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024:							
Cost	81	20,918	6,932	6,178	33,507	728	68,344
Accumulated depreciation	(4)	(2,923)	(2,907)	(3,340)	(3,991)	—	(13,165)
Net carrying amount	77	17,995	4,025	2,838	29,516	728	55,179
At 1 January 2024, net of accumulated depreciation	77	17,995	4,025	2,838	29,516	728	55,179
Additions	—	114	2,956	590	—	1,435	5,095
Disposals	—	(164)	(393)	(87)	(934)	—	(1,578)
Depreciation provided during the year	(5)	(1,977)	(1,251)	(1,700)	(2,420)	—	(7,353)
Transfers	—	—	—	—	545	(545)	—
At 31 December 2024, net of accumulated depreciation	72	15,968	5,337	1,641	26,707	1,618	51,343
As at 31 December 2024							
Cost	81	20,751	8,769	6,369	32,590	1,618	70,178
Accumulated depreciation	(9)	(4,783)	(3,432)	(4,728)	(5,883)	—	(18,835)
Net carrying amount	72	15,968	5,337	1,641	26,707	1,618	51,343

As at 31 December 2025	Building	Machinery	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2025:							
Cost	81	20,751	8,769	6,369	32,590	1,618	70,178
Accumulated depreciation	(9)	(4,783)	(3,432)	(4,728)	(5,883)	—	(18,835)
Net carrying amount	72	15,968	5,337	1,641	26,707	1,618	51,343
At 1 January 2025, net of accumulated depreciation	72	15,968	5,337	1,641	26,707	1,618	51,343
Additions	—	462	983	3,216	261	134,249	139,171
Disposals	—	—	—	(12)	—	—	(12)
Depreciation provided during the year	(3)	(1,984)	(1,568)	(1,200)	(2,196)	—	(6,951)
At 31 December 2025, net of accumulated depreciation	69	14,446	4,752	3,645	24,772	135,867	183,551
As at 31 December 2025							
Cost	81	21,213	9,752	9,450	32,851	135,867	209,214
Accumulated depreciation	(12)	(6,767)	(5,000)	(5,805)	(8,079)	—	(25,663)
Net carrying amount	69	14,446	4,752	3,645	24,772	135,867	183,551

The Company

As at 31 December 2023	Machinery	Motor vehicles	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023:						
Cost	2,019	4,741	4,526	1,577	912	13,775
Accumulated depreciation	(174)	(1,814)	(1,527)	(415)	—	(3,930)
Net carrying amount	1,845	2,927	2,999	1,162	912	9,845
At 1 January 2023, net of accumulated depreciation	1,845	2,927	2,999	1,162	912	9,845
Additions	—	—	273	—	3,245	3,518
Disposals	—	(174)	(32)	—	—	(206)
Depreciation provided during the year	(342)	(810)	(1,246)	(969)	—	(3,367)
Transfers	2,695	—	—	1,462	(4,157)	—
At 31 December 2023, net of accumulated depreciation	4,198	1,943	1,994	1,655	—	9,790
As at 31 December 2023						
Cost	4,713	4,183	4,447	3,040	—	16,383
Accumulated depreciation	(515)	(2,240)	(2,453)	(1,385)	—	(6,593)
Net carrying amount	4,198	1,943	1,994	1,655	—	9,790

As at 31 December 2024	**Machinery** *RMB'000*	**Motor vehicles** *RMB'000*	**Electronic equipment and others** *RMB'000*	**Leasehold improvements** *RMB'000*	**Total** *RMB'000*
As at 1 January 2024:					
Cost	4,713	4,183	4,447	3,040	16,383
Accumulated depreciation	(515)	(2,240)	(2,453)	(1,385)	(6,593)
Net carrying amount	4,198	1,943	1,994	1,655	9,790
At 1 January 2024, net of accumulated depreciation	4,198	1,943	1,994	1,655	9,790
Additions	—	2,735	26	—	2,761
Disposals	(164)	(393)	(85)	(933)	(1,575)
Depreciation provided during the year	(427)	(675)	(1,124)	(518)	(2,744)
At 31 December 2024, net of accumulated depreciation	3,607	3,610	811	204	8,232
As at 31 December 2024					
Cost	4,433	5,799	4,110	1,577	15,919
Accumulated depreciation	(826)	(2,189)	(3,299)	(1,373)	(7,687)
Net carrying amount	3,607	3,610	811	204	8,232

As at 31 December 2025	**Machinery** *RMB'000*	**Motor vehicles** *RMB'000*	**Electronic equipment and others** *RMB'000*	**Leasehold improvements** *RMB'000*	**Total** *RMB'000*
As at 1 January 2025:					
Cost	4,433	5,799	4,110	1,577	15,919
Accumulated depreciation	(826)	(2,189)	(3,299)	(1,373)	(7,687)
Net carrying amount	3,607	3,610	811	204	8,232
At 1 January 2025, net of accumulated depreciation	3,607	3,610	811	204	8,232
Additions	—	310	3,010	—	3,320
Disposals	—	—	(9)	—	(9)
Depreciation provided during the year	(422)	(935)	(693)	(204)	(2,254)
At 31 December 2025, net of accumulated depreciation	3,185	2,985	3,119	—	9,289
As at 31 December 2025					
Cost	4,433	6,108	7,009	1,577	19,127
Accumulated depreciation	(1,248)	(3,123)	(3,890)	(1,577)	(9,838)
Net carrying amount	3,185	2,985	3,119	—	9,289

16. LEASES

The Group as a lessee

During the Relevant Periods, the Group entered into certain long-term lease contracts for buildings which generally have lease terms between three and twenty years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Land use rights *RMB'000*	**Buildings** *RMB'000*	**Total** *RMB'000*
As at 1 January 2023	—	54,875	54,875
Termination of leases	—	(2,333)	(2,333)
Depreciation provided during the year	—	(6,178)	(6,178)
As at 31 December 2023 and 1 January 2024	—	46,364	46,364
Additions	36,635	1,255	37,890
Termination of leases	—	(7,060)	(7,060)
Depreciation provided during the year	(591)	(4,283)	(4,874)
As at 31 December 2024 and 1 January 2025	36,044	36,276	72,320
Depreciation provided during the year	(734)	(4,138)	(4,872)
As at 31 December 2025	35,310	32,138	67,448

Certain right of use assets (land use right assets) with net carrying amounts of approximately nil, nil and RMB35,310,000 as at 31 December 2023, 2024 and 2025, were pledged as security for bank facilities and other loans granted to the Group (note 30).

The Company

	Buildings *RMB'000*
As at 1 January 2023	17,942
Termination of leases	(2,333)
Depreciation provided during the year	(3,764)
As at 31 December 2023 and 1 January 2024	11,845
Termination of leases	(5,236)
Depreciation provided during the year	(2,027)
As at 31 December 2024 and 1 January 2025	4,582
Depreciation provided during the year	(1,896)
As at 31 December 2025	2,686

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	60,231	54,210	44,255
New leases	—	1,255	—
Accretion of interest recognised during the year	2,742	2,212	2,017
Payments	(6,266)	(5,745)	(5,776)
Termination of leases	(2,497)	(7,677)	—
Carrying amount at the end of the year	54,210	44,255	40,496
Analyzed into:			
Current portion	5,156	3,759	4,104
Non-current portion	49,054	40,496	36,392

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	19,256	13,324	5,530
Accretion of interest recognised during the year	770	330	210
Payments	(4,205)	(2,405)	(2,376)
Termination of leases	(2,497)	(5,719)	—
Carrying amount at the end of the year	13,324	5,530	3,364
Analyzed into:			
Current portion	3,511	2,166	2,385
Non-current portion	9,813	3,364	979

The maturity analysis of lease liabilities is disclosed in note 40 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	2,742	2,212	2,017
Depreciation charge of right-of-use assets	6,178	4,874	4,872
Expense relating to short-term leases*	2,320	1,587	1,570
Total amount recognised in profit or loss	11,240	8,673	8,459

* Included in "Administrative expenses", "Selling and marketing expenses" and "Research and development expenses" in profit or loss.

(d) The total cash outflow for leases is set out in note 34 to the Historical Financial Information.

17. INTANGIBLE ASSETS

The Group

	Software
	RMB'000
31 December 2023	
Cost at 1 January 2023, net of accumulated amortisation	1,533
Additions	419
Amortisation during the year	(319)
At 31 December 2023	1,633
At 31 December 2023:	
Cost	1,978
Accumulated amortisation	(345)
Net carrying amount	1,633
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	1,633
Amortisation during the year	(396)
At 31 December 2024	1,237
At 31 December 2024:	
Cost	1,978
Accumulated amortisation	(741)
Net carrying amount	1,237
31 December 2025	
Cost at 1 January 2025, net of accumulated amortisation	1,237
Additions	511
Amortisation during the year	(421)
At 31 December 2025	1,327
At 31 December 2025:	
Cost	2,489
Accumulated amortisation	(1,162)
Net carrying amount	1,327

The Company

	Software
	RMB'000
31 December 2023	
Cost at 1 January 2023, net of accumulated amortisation	—
Additions	418
Amortisation during the year	(7)
At 31 December 2023	411
At 31 December 2023:	
Cost	418
Accumulated amortisation	(7)
Net carrying amount	411
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	411
Amortisation during the year	(83)
At 31 December 2024	328
At 31 December 2024:	
Cost	419
Accumulated amortisation	(91)
Net carrying amount	328
31 December 2025	
Cost at 1 January 2025, net of accumulated amortisation	328
Additions	511
Amortisation during the year	(109)
At 31 December 2025	730
At 31 December 2025:	
Cost	930
Accumulated amortisation	(200)
Net carrying amount	730

18. INVESTMENTS MEASURED AT FVTPL

The Group and the Company

		As at 31 December	
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Unlisted investments	17,819	31,037	39,382

Unlisted investments were measured at fair value using significant unobservable inputs (Level 3).

19. FINANCIAL ASSETS AT FVTPL

The Group and the Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products	—	—	4,029

20. INVENTORIES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	140,220	185,651	83,287
Work in process	29,677	95,371	260,509
Finished goods	—	1,893	1,323
Goods in transit	365,480	254,380	349,861
Provision of inventories to net realisable value	(19,494)	(24,404)	(16,519)
Total	515,883	512,891	678,461

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	56,802	15,423	568
Goods in transit	183,867	89,513	60,609
Provision of inventories to net realisable value	(13,579)	(8,496)	(595)
Total	227,090	96,440	60,582

21. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	49,208	51,209	77,298
Bills receivable, carried at amortised cost	10,266	10,380	20,664
Bills receivable, measured at fair value through other comprehensive income	13,008	33,582	98,952
Less: Allowance for credit losses	(3,245)	(4,913)	(2,673)
Total	69,237	90,258	194,241

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	45,530	49,950	65,329
Bills receivable, carried at amortised cost	8,466	4,495	3,171
Bills receivable, measured at fair value through other comprehensive income	12,720	33,582	79,638
Due from intra-group subsidiaries	1,087	11,389	—
Less: Allowance for credit losses	(2,807)	(5,305)	(1,771)
Total	64,996	94,111	146,367

The Group's trading terms with its customers are in accordance with respective sales contracts' payment schedules. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of allowance for expected credit losses, is as follows:

Trade receivables

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	40,959	43,814	68,338
1 year to 2 years	2,306	1,199	5,339
2 years to 3 years	2,066	1,080	624
Over 3 years	632	203	324
Total	45,963	46,296	74,625

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	39,013	53,762	58,119
1 year to 2 years	2,314	1,005	4,494
2 years to 3 years	1,851	1,064	621
Over 3 years	632	203	324
Total	43,810	56,034	63,558

An aging analysis of the bills receivable as at the end of each of the Relevant Periods, based on the invoice date and net of allowance for expected credit losses, is as follows:

Bills receivable

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	23,274	43,962	119,616

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	21,186	38,077	82,809

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	4,498	3,245	4,913
(Reversal of impairment)/impairment losses	(1,253)	1,668	(2,240)
Total	3,245	4,913	2,673

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	4,090	2,807	5,305
(Reversal of impairment)/impairment losses	(1,283)	2,498	(3,534)
Total	2,807	5,305	1,771

The Group applies the simplified approach in calculating ECLs for trade receivables and contract assets. Trade receivables and contract assets relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance. For trade receivables and contract assets from debtors individually significant to the Group, the Group has established a credit risk assessment under which individual credit evaluations for such debtors/customer are performed. The provision rates are based on credit rating of these individually significant and adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions. The remaining trade receivables and contract assets are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at the end of each Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

The bills receivable held by the Group, were mostly issued by reputable banks and with short-term maturity. Bills receivable is subject to impairment under the simplified approach and the identified impairment loss was assessed to be minimal as at the end of each of the Relevant Periods.

Set out below is the information about the credit risk exposure on the Group's trade receivables based on individually significant customers or using a provision matrix for trade receivables from customers that are not individually significant:

The Group

	As at 31 December 2023		
	Gross Carrying amount	**Expected credit loss rate**	**Expected credit losses**
	RMB'000	*%*	*RMB'000*
On a collective basis:			
Within 1 year	4,429	8.2	362
1 year to 2 years	775	18.5	143
2 years to 3 years	3,782	46.5	1,757
Over 3 years	925	100.0	925
	9,911		3,187
On an individual basis	39,297	0.1	58
Total	49,208	6.6	3,245

	As at 31 December 2024		
	Gross Carrying amount	**Expected credit loss rate**	**Expected credit losses**
	RMB'000	*%*	*RMB'000*
On a collective basis:			
Within 1 year	8,182	7.0	571
1 year to 2 years	404	19.6	79
2 years to 3 years	776	34.0	264
Over 3 years	3,423	100	3,423
	12,785		4,337
On an individual basis	38,424	1.5	576
Total	51,209	9.6	4,913

	As at 31 December 2025		
	Gross Carrying amount	**Expected credit loss rate**	**Expected credit losses**
	RMB'000	*%*	*RMB'000*
On a collective basis:			
Within 1 year	15,264	6.4	981
1 year to 2 years	4,476	20.5	918
2 years to 3 years	161	34.2	55
Over 3 years	607	100.0	607
	20,508		2,561
On an individual basis	56,790	0.2	112
Total	77,298	3.5	2,673

The Company

	As at 31 December 2023		
	Gross Carrying amount	**Expected credit loss rate**	**Expected credit losses**
	RMB'000	*%*	*RMB'000*
On a collective basis:			
Within 1 year	2,309	8.1	188
1 year to 2 years	775	17.4	135
2 years to 3 years	3,496	48.2	1,686
Over 3 years	740	100.0	740
	7,320		2,749
On an individual basis	39,297	0.1	58
Total	46,617	6.0	2,807

	As at 31 December 2024		
	Gross Carrying amount	**Expected credit loss rate**	**Expected credit losses**
	RMB'000	*%*	*RMB'000*
On a collective basis:			
Within 1 year	18,905	7.1	1,346
1 year to 2 years	161	18.6	30
2 years to 3 years	775	36.0	279
Over 3 years	3,074	100.0	3,074
	22,915		4,729
On an individual basis	38,424	1.5	576
Total	61,339	8.6	5,305

	As at 31 December 2025		
	Gross Carrying amount	**Expected credit loss rate**	**Expected credit losses**
	RMB'000	*%*	*RMB'000*
On a collective basis:			
Within 1 year	4,310	5.7	246
1 year to 2 years	3,810	28.8	1,096
2 years to 3 years	161	36.6	59
Over 3 years	258	100.0	258
	8,539		1,659
On an individual basis	56,790	0.2	112
Total	65,329	2.7	1,771

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current portion			
Prepayments	788	8,214	5,049
Deposits	3,218	2,285	2,324
Value added tax recoverable	15,190	8,901	7,372
Advance to employees	1,382	2,088	173
Less: Impairment losses	(106)	(131)	(141)
Total current portion	20,472	21,357	14,777
Non-current portion			
Prepayments for non-current assets	4	110	15,536
Less: Impairment losses	—	—	—
Total non-current portion	4	110	15,536
Total	20,476	21,467	30,313

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current portion			
Prepayments	252,638	323,391	456,477
Deposits	2,016	2,133	1,910
Value added tax recoverable	12,618	3,375	7,710
Advance to employees	1,386	1,988	133
Other receivables from intra-group subsidiaries	4,943	18,242	4,941
Less: Impairment losses	(1,861)	(1,882)	(1,867)
Total current portion	271,740	347,247	469,304
Non-current portion			
Prepayments for non-current assets	4	4	535
Less: Impairment losses	—	—	—
Total non-current portion	4	4	535
Total	271,744	347,251	469,839

The balances are interest-free and are not secured with collateral.

Deposits and other receivables mainly represent rental deposits and advance to employees. At the end of each of the Relevant Periods, the ECLs of the financial assets included in prepayments, deposits and other receivables were measured based on the 12-month expected credit loss if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on the lifetime expected credit loss. An impairment analysis was performed at the end of each of the Relevant Periods.

23. CONTRACT ASSETS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Retention receivables	43,309	37,910	103,070
Less: Impairment	(214)	(486)	(1,278)
Net carrying amount	43,095	37,424	101,792

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Retention receivables	43,309	37,910	99,396
Less: Impairment	(214)	(486)	(1,042)
Net carrying amount	43,095	37,424	98,354

Contract assets are initially recognised for revenue earned from the sale of intelligent equipment as the receipt of consideration is conditional on successful assurance during the warranty periods. When passing the warranty periods, the amounts recognised as contract assets are reclassified to trade receivables. The increase/decrease in contract assets in the Relevant Periods was the result of the net effect of increase in the ongoing sale of intelligent equipment and expiration of warranty period of sales at the end of each of the Relevant Periods.

The expected timing of recovery or settlement for contract assets as at each end of the Relevant Periods is as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	43,095	37,424	101,792

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	43,095	37,424	98,354

The movements in the loss allowance for impairment of contract assets are as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	47	214	486
Impairment losses, net	167	272	792
At the end of the year	214	486	1,278

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	47	214	486
Impairment losses, net	167	272	556
At the end of the year	214	486	1,042

Set out below is the information about the credit risk exposure on the Group's contract assets based on individually significant customers or using a provision matrix for contract assets from customers that are not individually significant:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
On collective basis			
Expected credit loss rate	8.18%	6.96%	6.43%
Gross carrying amount	1,797	3,435	19,086
Expected credit losses	147	239	1,227
On an individual basis			
Expected credit loss rate	0.16%	0.72%	0.06%
Gross carrying amount	41,512	34,475	83,984
Expected credit losses	67	247	51

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
On collective basis			
Expected credit loss rate	8.18%	6.96%	6.43%
Gross carrying amount	1,797	3,435	15,412
Expected credit losses	147	239	991
On an individual basis			
Expected credit loss rate	0.16%	0.72%	0.06%
Gross carrying amount	41,512	34,475	83,984
Expected credit losses	67	247	51

For details of the impairment analysis of contract assets, please refer to note 2.3, note 3 and note 21 to the Historical Financial Information.

24. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investment cost	66,100	89,250	111,641
Impairment *(note (i))*	(6,500)	(6,500)	(6,500)
Total	59,600	82,750	105,141

Note:

(i) Due to the adjustment to the Group's business strategy, the directors of the Company considered the carrying amount of the Company's investment in a subsidiary would not be recoverable. Hence, the carrying amount of the Company's investment the subsidiary was fully impaired in 2022.

25. CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	90,675	131,170	354,561
Short-term time deposits	10,000	—	—
Less: Pledged and restricted deposits	(4,148)	(21,905)	(92,862)
Total cash and cash equivalents	96,527	109,265	261,699
Denominated in:			
GBP	—	—	1
EUR	—	—	92
RMB	96,527	109,265	261,606
Total	96,527	109,265	261,699

As at 31 December 2023, 2024 and 2025, pledged restricted deposits of RMB4,148,000, RMB21,905,000 and RMB92,862,000 respectively, was pledged for issuing bank notes.

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	64,209	97,125	238,134
Short-term time deposits	10,000	—	—
Less: Pledged and restricted deposits	(4,148)	(16,843)	(92,862)
Total cash and cash equivalents	70,061	80,282	145,272
Denominated in:			
RMB	70,061	80,282	145,272
Total	70,061	80,282	145,272

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. As at 31 December 2023, 2024 and 2025, the Group and the Company have assessed the credit risk of cash and cash equivalents and pledged deposits to be minimal as they were placed in reputable financial institutions.

The carrying amounts of the cash and cash equivalents approximated to their fair values due to its short-term maturity.

26. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	133,810	177,948	367,882
Bills payable	19,739	70,901	136,639
Total	153,549	248,849	504,521

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	39,802	16,408	36,330
Bills payable	20,739	71,013	139,820
Total	60,541	87,421	176,150

An aging analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	124,232	162,242	361,160
1 to 2 years	9,578	12,172	1,437
2 to 3 years	—	3,534	3,961
Over 3 years	—	—	1,324
Total	133,810	177,948	367,882

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	31,710	8,999	32,796
1 to 2 years	8,092	4,441	455
2 to 3 years	—	2,968	1,848
Over 3 years	—	—	1,231
Total	39,802	16,408	36,330

Trade and bills payables are non-interest-bearing and are normally settled within three months. As at the end of each of the Relevant Periods, the carrying amounts of trade and bills payables approximated to their fair values.

27. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Advances from customers	279,649	223,973	456,026

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Advances from customers	279,649	214,946	452,940

The contract liabilities represent the advances received from customers. The significant increase in advances from customers as of 31 December 2025, compared to those as at the end of 2024, was primarily driven by the increase of sales orders during the fourth quarter of 2025, resulting in new advance payments received by the Group at year-end.

28. PROVISIONS

The Group and the Company

	Warranty *RMB'000*
At 1 January 2023	16
Additional provision	905
Amounts utilised during the year	(22)
At 31 December 2023 and 1 January 2024	899
Additional provision	1,286
Amounts utilised during the year	(930)
At 31 December 2024 and 1 January 2025	1,255
Additional provision	1,909
Amounts utilised during the year	(1,448)
At 31 December 2025	1,716

The Group generally provides 12-month warranties to its customers on certain of its products for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

29. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*
Payroll and welfare payables	6,294	7,791	7,413
Payable for acquisition of non-current assets	1,330	379	5,415
Accruals	2,626	1,546	4,982
Deposits	37	37	50
Other tax payables	1,499	6,081	18,741
Others	32	—	—
Total	11,818	15,834	36,601

The Company

	As at 31 December		
	2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*
Payroll and welfare payables	4,829	3,767	4,643
Payable for acquisition of non-current assets	99	20	20
Accruals	2,373	1,143	4,462
Deposits	37	37	50
Other payables to subsidiaries	24,567	22,030	17,530
Other tax payables	1,499	6,082	19,226
Others	29	—	—
Total	33,433	33,079	45,931

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at 31 December 2023		
	Effective interest rates	Maturity	RMB'000
Current			
Bank loans — unsecured	4.00%	2024	2,306
Discounted unmatured bills	0.76%~1.49%	2024	999
Total			3,305

	As at 31 December 2024		
	Effective interest rates	**Maturity**	**RMB'000**
Current			
Bank loans — secured *(note (ii))*	3.30%~3.40%	2025	498
Discounted unmatured bills	0.76%~1.49%	2025	1,172
Total			1,670

	As at 31 December 2025		
	Effective interest rates	**Maturity**	**RMB'000**
Current			
Bank loans — secured *(note (ii))*	2.80%~2.89%	2026	401
Current portion of long-term bank loans — secured *(note (iii))*	2.70%	2026	79
Discounted unmatured bills	0.76%~1.49%	2026	2,086
			2,566
Non-current			
Bank loans — secured *(note (iii))*	2.70%	2027~2032	118,595
Total			121,161

An analysis of the maturity of borrowings is as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans and other borrowings repayable:			
Within one year or on demand	3,305	1,670	2,566
In the second year	—	—	4,073
In the third to fifth years, inclusive	—	—	79,640
Beyond five years	—	—	34,882
Total	3,305	1,670	121,161

The Company

	As at 31 December 2023		
	Effective interest rates	**Maturity**	**RMB'000**
Current			
Discounted unmatured bills	0.76%~1.49%	2024	999

	As at 31 December 2024		
	Effective interest rates	**Maturity**	**RMB'000**
Current			
Bank loans — secured *(note (ii))*	3.30%~3.40%	2025	498
Discounted unmatured bills	0.76%~1.49%	2025	1,172
Total			1,670

	As at 31 December 2025		
	Effective interest rates	**Maturity**	**RMB'000**
Current			
Bank loans — secured *(note(ii))*	2.80%~2.89%	2026	401

An analysis of the maturity of borrowings is as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans and other borrowings repayable:			
Within one year or on demand	999	1,670	401

Notes:

(i) The Group's bank loans and other borrowings are all denominated in RMB.

(ii) Certain bank loans with the carrying amounts of nil, RMB498,000 and RMB401,000 as at 31 December 2023, 2024 and 2025 were guaranteed by controlling shareholders namely Mr. Wang Gang and Mr. Zhang Quan. Further details are included in note 37 to the Historical Financial Information.

(iii) Certain right of use assets (land use right assets) with net carrying amounts of approximately nil, nil and RMB35,310,000 as at 31 December 2023, 2024 and 2025, were pledged as security for bank facilities and other loans granted to the Group.

31. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

The Group

	Expected credit losses on financial and contract assets	**Inventory provision**	**Tax losses**	**Lease liabilities**	**Unrealised profit arising from intra-group transactions**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	676	1,391	16,954	12,884	—	2	31,907
Deferred tax credited/(charged) to profit or loss	(125)	2,110	14,442	(864)	—	133	15,696
Gross deferred tax assets at 31 December 2023 and 1 January 2024	551	3,501	31,396	12,020	—	135	47,603
Deferred tax credited/(charged) to profit or loss	206	1,750	(569)	(1,605)	86	205	73
Gross deferred tax assets at 31 December 2024 and 1 January 2025	757	5,251	30,827	10,415	86	340	47,676
Deferred tax credited/(charged) to profit or loss	(96)	(1,181)	(7,834)	(743)	1,959	319	(7,576)
Gross deferred tax assets at 31 December 2025	661	4,070	22,993	9,672	2,045	659	40,100

The Company

	Expected credit losses on financial and contract assets *RMB'000*	Inventory provision *RMB'000*	Tax losses *RMB'000*	Lease liabilities *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2023	898	1,106	11,878	2,888	977	17,747
Deferred tax credited/(charged) to profit or loss	(166)	931	10,040	(889)	134	10,050
Gross deferred tax assets at 31 December 2023 and 1 January 2024	732	2,037	21,918	1,999	1,111	27,797
Deferred tax credited/(charged) to profit or loss	419	(763)	(2,578)	(1,169)	52	(4,039)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	1,151	1,274	19,340	830	1,163	23,758
Deferred tax credited/(charged) to profit or loss	(449)	(1,185)	—	(325)	67	(1,892)
Gross deferred tax assets at 31 December 2025	702	89	19,340	505	1,230	21,866

Deferred tax liabilities

The Group

	Right-of-use assets *RMB'000*	Depreciation difference between the useful lives of long-term assets *RMB'000*	Fair value adjustments of investments measured at FVTPL *RMB'000*	Unrealised losses arising from intra-group transactions *RMB'000*	Fair value adjustments of financial assets at FVTPL *RMB'000*	Total *RMB'000*
At 1 January 2023	11,683	230	158	27	—	12,098
Deferred tax charged/(credited) to profit or loss	(1,463)	(37)	(23)	41	—	(1,482)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	10,220	193	135	68	—	10,616
Deferred tax charged/(credited) to profit or loss	(1,700)	(39)	1,982	(68)	—	175
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	8,520	154	2,117	—	—	10,791
Deferred tax charged/(credited) to profit or loss	(861)	(35)	1,252	—	3	359
Gross deferred tax liabilities at 31 December 2025	7,659	119	3,369	—	3	11,150

The Company

	Right-of-use assets *RMB'000*	**Depreciation difference between the useful lives of long-term assets** *RMB'000*	**Fair value adjustments of investments measured at FVTPL** *RMB'000*	**Total** *RMB'000*
At 1 January 2023	2,691	230	158	3,079
Deferred tax charged/(credited) to profit or loss	(914)	(37)	(23)	(974)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	1,777	193	135	2,105
Deferred tax charged/(credited) to profit or loss	(1,090)	(38)	1,982	854
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	687	155	2,117	2,959
Deferred tax charged/(credited) to profit or loss	(284)	(36)	1,252	932
Gross deferred tax liabilities at 31 December 2025	403	119	3,369	3,891

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

The Group

		As at 31 December	
	2023 *RMB'000*	**2024** *RMB'000*	**2025** *RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	36,987	36,885	28,950
Net deferred tax liabilities recognised in the consolidated statement of financial position	—	—	—

The Company

		As at 31 December	
	2023 *RMB'000*	**2024** *RMB'000*	**2025** *RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	25,692	20,799	17,975
Net deferred tax liabilities recognised in the consolidated statement of financial position	—	—	—

As at 31 December 2023, 2024 and 2025, the Group had unutilised tax losses of approximately RMB191,805,000, RMB182,657,000 and RMB151,643,000 arising in Chinese mainland, which will expire in one to ten years for offsetting against future taxable profits, and nil, RMB6,000, RMB1,373,000 respectively arising in Hong Kong, the United Kingdom and other countries.

As at 31 December 2023, 2024 and 2025, deferred tax assets have not been recognised in respect of tax losses of RMB7,774,000, RMB7,780,000 and RMB9,553,000, as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

32. SHARE CAPITAL

The Group and the Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid:			
Ordinary shares of RMB1.00 each	80,000	80,000	80,000

A summary of movements in the Company's paid-in capital/share capital is as follows:

	Number of shares in issue	**Paid-in capital/ Share capital**
	'000	*RMB'000*
At 1 January 2023	11,212	11,212
Conversion of the Company into a joint stock company *(note)*	68,788	68,788
At 31 December 2023, 2024 and 2025	80,000	80,000

Note:

In July 2023, the Company was converted to a joint stock limited liability company. A total of 68,788,000 shares of par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders.

The Company entered into separate agreements with certain investors (collectively the "**Pre-[REDACTED] Investors**") regarding their investment with the consideration amount totaling approximately RMB822,580,000 by ways of capital injection into the Company or share transfers between shareholders (collectively the "**Pre-[REDACTED] Investments**"). Pursuant to the agreements, the Pre-[REDACTED] Investors were granted by the Company and certain shareholders including Mr. Wang Gang, Mr. Zhang Quan, Mr. Xiao Shengduan and Mr. Zhao Zhe (collectively the "**Certain Shareholders**") with special rights **("Special Rights")** which included redemption rights, anti-dilution rights and liquidation preference rights.

On 8 June 2023, the Company and the Pre-[REDACTED] Investors entered into supplemental agreements that the Special Rights granted by the Company to Pre-[REDACTED] Investors have been irrecoverably terminated and shall be void ab initio. Meanwhile, the Company did not provide any form of guarantee in connection with any potential failure of the Certain Shareholders to fulfill their obligations relating to the Special Rights granted by the Certain Shareholders. Taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplemental agreements, the Company's directors considered that it is appropriate to present the Pre-[REDACTED] Investments as equity. Hence, no financial liability arising from the Special Rights was recorded throughout the Relevant Periods.

There was no exercise of redemption rights, anti-dilution rights and liquidation preference rights under which the Company bears any obligations throughout the Relevant Periods.

Had the Special Rights granted by the Company to the Pre-[REDACTED] Investors been accounted for as financial liabilities measured at the present value of the redemption amount prior to entering into the supplemental agreements, the impact to the net loss, basic and diluted loss per share for the year ended 31 December 2023 would have been:

	Year ended 31 December 2023
	RMB'000
Finance costs associated with the financial liabilities arising from the Special Rights	(19,146)
Total net loss attributable to owners of the parent	(18,267)
Loss per share attributable to ordinary equity holders of the parent	
Basic and diluted (RMB)	(0.23)

33. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Capital reserve/share premium

Capital reserve of the Company represents the difference between the value of the paid-up capital and the consideration received before its conversion into a joint stock company.

Share premium of the Company represents the share premium contributed by the shareholders of the Company after its conversion into a joint stock company.

(b) Translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies of which the functional currencies are not RMB. The reserve is dealt with in accordance with the material accounting policy set out in note 2.3.

(c) Special reserve — safety funds

Pursuant to the Management Measures for the Extraction and Use of Enterprise Safety Production Funds, the Group is required to set aside an amount to maintenance, production and other similar funds. The funds can be used for the maintenance of production and improvements of safety and are not available for distribution to shareholders.

(d) Statutory reserve

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of its registered capital. The statutory surplus reserve may be used to offset accumulated losses or be converted to increase the registered capital of such companies subject to approval from the relevant PRC authorities. The statutory surplus reserve is not available for dividend distribution to shareholders of such companies.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve/Share premium	**Statutory reserve**	**(Accumulated losses)/ retained profits**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	528,236	—	(134,271)	393,965
Profit and total comprehensive income for the year	—	—	12,269	12,269
Conversion into a joint stock company	(171,217)	—	102,429	(68,788)
At 31 December 2023	357,019	—	(19,573)	337,446
At 1 January 2024	357,019	—	(19,573)	337,446
Profit and total comprehensive income for the year	—	—	58,731	58,731
Appropriation to statutory reserves	—	5,873	(5,873)	—
At 31 December 2024	357,019	5,873	33,285	396,177
At 1 January 2025	357,019	5,873	33,285	396,177
Profit and total comprehensive income for the year	—	—	35,828	35,828
Appropriation to statutory reserves	—	3,583	(3,583)	—
At 31 December 2025	357,019	9,456	65,530	432,005

34. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash reduction to right-of-use assets of RMB2,333,000, RMB7,060,000, and nil, and non-cash reduction to lease liabilities of RMB2,497,000, RMB7,677,000 and nil, respectively, in respect of early termination of lease arrangements for buildings premises.

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets of nil, RMB1,255,000 and nil and non-cash additions to lease liabilities of nil, RMB1,255,000, nil, respectively, in respect of lease arrangements for buildings.

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash reduction to bills receivable of nil, RMB999,000 and RMB1,172,000, and non-cash reduction to interest-bearing borrowings of nil, RMB999,000 and RMB1,172,000, respectively, in respect of bills receivable discounted that are not derecognised in their entirety.

(b) Changes in liabilities arising from financing activities

	Interest-bearing borrowings *RMB'000*	Lease liabilities *RMB'000*	Total *RMB'000*
At 1 January 2023	—	60,231	60,231
Changes from financing cash flows	3,295	(6,266)	(2,971)
Accretion of interest during the year	10	2,742	2,752
Lease termination	—	(2,497)	(2,497)
At 31 December 2023 and 1 January 2024	3,305	54,210	57,515
Changes from financing cash flows	(740)	(5,745)	(6,485)
New leases	—	1,255	1,255
Accretion of interest during the year	104	2,212	2,316
Derecognition of discounted bills receivable upon their maturity	(999)	—	(999)
Lease termination	—	(7,677)	(7,677)
At 31 December 2024 and 1 January 2025	1,670	44,255	45,925
Changes from financing cash flows	119,845	(5,776)	114,069
Derecognition of discounted bills receivable upon their maturity	(1,172)	—	(1,172)
Accretion of interest during the year	818	2,017	2,835
At 31 December 2025	121,161	40,496	161,657

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*
Within operating activities	3,186	1,986	3,236
Within financing activities	6,266	5,745	5,776
	9,452	7,731	9,012

35. PLEDGE OF ASSETS

Details of the Group's assets pledged are included in note 16, note 25 and note 30 to the Historical Financial Information at the end of each of the Relevant Periods.

36. COMMITMENTS

The Group had the following contractual commitments at the end of the Relevant Periods:

	As at 31 December		
	2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*
Contracted but not provided:			
Property, plant and equipment	1,106	104,348	31,868

37. RELATED PARTY TRANSACTIONS

(a) Names and relationships

Name of related parties	Relationship with the Group
Mr. Wang Gang	Controlling shareholder of the Group, Chairman of the Board and Executive Director of the Company
Mr. Zhang Quan	Controlling shareholder of the Group, Executive Director of the Company
Mr. Xiao Shengduan	A shareholder of the Company, Executive Director & Deputy President of the Company
Mr. Zhao Zhe	A shareholder of the Company
Guangzhou Shengzhuoya Clothing Co., Ltd.	An entity controlled by a close family member of a controlling shareholder

(b) Significant related party transactions

In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following material related party transactions during the Relevant Periods:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Purchase of goods and services			
Guangzhou Shengzhuoya Clothing Co., Ltd.	112	29	29

Note:

The directors of the Company are of the opinion that the above sales to related parties and purchase from related parties were conducted in the ordinary course of business and on mutually-agreed commercial terms.

(c) Outstanding balances with related parties:

The Group had the following outstanding balances with related parties:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties			
Mr. Wang Gang	—	650	—
Amounts due to related parties			
Mr. Zhao Zhe	—	19	—
Mr. Xiao Shengduan	—	65	—
Total	—	84	—

At the end of each of the Relevant Periods, all the remaining balances were traded in nature.

(d) Compensation of key management personnel of the Group:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Compensation of key management personnel of the Group:			
Salaries, bonuses, allowances and benefits in kind	2,391	2,737	2,766
Pension scheme contributions and social welfare	546	538	556
Total	2,937	3,275	3,322

(e) Related party guarantees of the Group:

Guarantors	**Guaranteed parties**	**Maximum available amount of guarantee provided** *RMB'000*	**Outstanding balances of guaranteed loans** *RMB'000*	**Inception date of guarantee**	**Expiry date of guarantee**	**Whether performance of guarantee has been completed**
As at 31 December 2024:						
Mr. Wang Gang	The Company	50,000	200	9/9/2024	9/8/2025	Yes
Mr. Wang Gang/Mr. Zhang Quan	The Company	80,000	298	4/23/2024	4/22/2025	Yes
As at 31 December 2025:						
Mr. Wang Gang	The Company	50,000	200	12/15/2025	12/14/2026	No
Mr. Wang Gang/Mr. Zhang Quan	The Company	80,000	200	4/23/2025	4/22/2026	No

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets		**As at 31 December**	
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income:			
Bills receivable, measured at fair value through other comprehensive income	13,008	33,582	98,952
Financial instruments measured at FVTPL:			
Investments measured at FVTPL	17,819	31,037	39,382
Financial assets at FVTPL	—	—	4,029
	17,819	31,037	43,411
Financial assets at amortised cost:			
Trade receivables	45,963	46,296	74,625
Bills receivable, carried at amortised cost	10,266	10,380	20,664
Financial assets included in prepayments, deposits and other receivables	4,494	4,242	2,356
Pledged and restricted deposits	4,148	21,905	92,862
Cash and cash equivalents	96,527	109,265	261,699
	161,398	192,088	452,206
Total	192,225	256,707	594,569
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and bills payables	153,549	248,849	504,521
Financial liabilities included in other payables and accruals	1,367	416	5,465
Interest-bearing bank and other borrowings	3,305	1,670	121,161
Total	158,221	250,935	631,147

Transfers of financial assets

Financial assets that are derecognised in their entirety

Bills endorsed or discounted

During the years ended 31 December 2023, 2024 and 2025, the Group, endorsed or discounted certain bills receivable accepted by banks in Chinese mainland to certain of its suppliers in order to settle the trade payables due to such suppliers, and discounted certain bills receivable to banks in Chinese mainland, together the "Derecognised Bills" with a carrying amount in aggregate of RMB262,076,000, RMB274,688,000 and RMB669,143,000. The Derecognised Bills had a maturity of one to twelve months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "**Continuing Involvement**"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 2023, 2024 and 2025, the Group has recognised losses on the date of transfer of the Derecognised Bills amounting to RMB370,000, RMB578,000 and RMB1,022,000 respectively. No gains or losses were recognised from the Continuing Involvement, both during the year and cumulatively.

Financial assets that are not derecognised in their entirety

Bills endorsed or discounted

The Group discounted or endorsed certain bills receivable accepted by banks in Chinese mainland (the "**Discounted and Endorsed Bills**") with a carrying amount of RMB7,630,000, RMB7,958,000 and RMB6,811,000 to certain banks and independent third parties as at 31 December 2023, 2024 and 2025. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted and Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted and Endorsed Bills and the associated borrowings or trade payables. Subsequent to the discounting and endorsing, the Group did not retain any rights on the use of the Discounted and Endorsed Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties. The aggregate carrying amount of the borrowings recognised during the year was RMB999,000, RMB1,172,000 and RMB2,086,000 as at 31 December 2023, 2024 and 2025. The aggregate carrying amount of the trade payables that endorsed by such bills receivable during the year was RMB6,630,000, RMB6,783,000 and RMB4,721,000 as at 31 December 2023, 2024 and 2025.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

As at 31 December 2023

	Carrying amounts *RMB'000*	**Fair values** *RMB'000*
Financial assets		
Investments measured at FVTPL	17,819	17,819

As at 31 December 2024

	Carrying amounts *RMB'000*	**Fair values** *RMB'000*
Financial assets		
Investments measured at FVTPL	31,037	31,037

As at 31 December 2025

	Carrying amounts *RMB'000*	**Fair values** *RMB'000*
Financial assets		
Investments measured at FVTPL	39,382	39,382
Financial assets at FVTPL	4,029	4,029
Total	43,411	43,411
Financial liabilities		
Interest-bearing bank and other borrowing (non-current portion)	118,595	120,821

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, pledged deposits, trade and bills payables, financial assets included in deposits and other receivables, financial liabilities included in other payables and accruals, trade and bills payables, and short-term bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments. For deposits, Management has assessed that their fair value is equal to their book value, mainly because these deposits are collateral for bills and the fair value fluctuates less and the maturity is short.

The carrying amounts of the non-current interest-bearing bank borrowings at amortised cost were not materially different from their fair values as at 31 December 2023, 2024 and 2025.

The Group's finance department headed by the financial director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in financial assets at FVTPL, which represent wealth management products issued by banks in Chinese mainland. The Group has estimated the fair values of these structured deposits based on the net values announced by the banks at the end of each of the Relevant Periods.

The fair values of unlisted investments measured at FVTPL have been estimated using valuation technique primarily comprise recent transaction prices approach. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of each of the Relevant Periods.

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

The financial instruments in bills receivable are the bank acceptance bills registered by the acceptance bank with high credit, and the group's management model aims at both collecting the contractual cash flow and selling the financial assets. There is no significant unobservable inputs to the valuation of financial instruments as at 31 December 2023, 2024 and 2025.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Financial instruments measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Investments measured at FVTPL	—	—	17,819	17,819
Bills receivable, measured at fair value through other comprehensive income	—	13,008	—	13,008
Total	—	13,008	17,819	30,827

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Investments measured at FVTPL	—	—	31,037	31,037
Bills receivable, measured at fair value through other comprehensive income	—	33,582	—	33,582
Total	—	33,582	31,037	64,619

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Investments measured at FVTPL	—	—	39,382	39,382
Bills receivable, measured at fair value through other comprehensive income	—	98,952	—	98,952
Financial assets at FVTPL	—	4,029	—	4,029
Total	—	102,981	39,382	142,363

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

The following tables illustrate the fair value measurement hierarchy of the Group's Level 3 financial instruments:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value of the input
Financial assets				
Investments measured at FVTPL				
Unlisted investments	Recent transaction prices	Recent transaction prices	N/A	N/A

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals and interest-bearing borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's floating-rate interest-bearing bank borrowings.

The directors believe that there is no material interest rate risk inherent in the Group's outstanding balance of interest-bearing bank borrowings.

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

For trade and bills receivables, contract assets and deposits and other receivables, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

Maximum exposure and year-end staging as at 31 December 2023, 2024 and 2025

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	**Stage 2** *RMB'000*	**Stage 3** *RMB'000*	**Simplified approach** *RMB'000*	**Total** *RMB'000*
Trade receivables	—	—	—	49,208	49,208
Bills receivable, carried at amortised cost	—	—	—	10,266	10,266
Bills receivable, measured at fair value through other comprehensive income	—	—	—	13,008	13,008
Contract asset*	—	—	—	43,309	43,309
Financial assets included in prepayments, deposits and other receivables					
— Normal**	4,600	—	—	—	4,600
— Doubtful**	—	—	—	—	—
Pledged and restricted deposits					
— Not yet past due	4,148	—	—	—	4,148
Cash and cash equivalents					
— Not yet past due	96,527	—	—	—	96,527
Total	105,275	—	—	115,791	221,066

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	**Stage 2** *RMB'000*	**Stage 3** *RMB'000*	**Simplified approach** *RMB'000*	**Total** *RMB'000*
Trade receivables	—	—	—	51,209	51,209
Bills receivable, carried at amortised cost	—	—	—	10,380	10,380
Bills receivable, measured at fair value through other comprehensive income	—	—	—	33,582	33,582
Contract asset*	—	—	—	37,910	37,910
Financial assets included in prepayments, deposits and other receivables					
— Normal**	4,373	—	—	—	4,373
— Doubtful**	—	—	—	—	—
Pledged and restricted deposits					
— Not yet past due	21,905	—	—	—	21,905
Cash and cash equivalents					
— Not yet past due	109,265	—	—	—	109,265
Total	135,543	—	—	133,081	268,624

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	—	—	—	77,298	77,298
Bills receivable, carried at amortised cost	—	—	—	20,664	20,664
Bills receivable, measured at fair value through other comprehensive income	—	—	—	98,952	98,952
Contract asset*	—	—	—	103,070	103,070
Financial assets included in prepayments, deposits and other receivables					
— Normal**	2,497	—	—	—	2,497
— Doubtful**	—	—	—	—	—
Pledged and restricted deposits					
— Not yet past due	92,862	—	—	—	92,862
Cash and cash equivalents					
— Not yet past due	261,699	—	—	—	261,699
Total	357,058	—	—	299,984	657,042

* For contract assets and trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the individual-based assessment or the provision matrix is disclosed in note 21 and note 23 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 21 to the Historical Financial Information.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. The Group has concentration of credit risk as 76.5%. 49.5%, 53.3% of the Group's total trade receivables were due from the Group's largest customer as at 31 December 2023, 2024 and 2025, and 81.2%, 89.6%,70% of the Group's total trade receivables were due from the Group five largest customers as at 31 December 2023, 2024, and 2025 respectively.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain continuity of funding. The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2023				
	Within 1 year or on demand	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	153,549	—	—	—	153,549
Financial liabilities included in other payables and accruals	1,367	—	—	—	1,367
Interest-bearing bank and other borrowings	3,348	—	—	—	3,348
Lease liabilities	7,612	7,916	16,220	43,163	74,911
	165,876	7,916	16,220	43,163	233,175

	As at 31 December 2024				
	Within 1 year or on demand	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	248,849	—	—	—	248,849
Financial liabilities included in other payables and accruals	416	—	—	—	416
Interest-bearing bank and other borrowings	1,687	—	—	—	1,687
Lease liabilities	5,776	5,931	10,533	39,994	62,234
	256,728	5,931	10,533	39,994	313,186

	As at 31 December 2025				
	Within 1 year or on demand	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	504,521	—	—	—	504,521
Financial liabilities included in other payables and accruals	5,465	—	—	—	5,465
Interest-bearing bank and other borrowings	6,927	8,422	86,740	35,725	137,814
Lease liabilities	5,931	4,242	9,507	36,778	56,458
	522,844	12,664	96,247	72,503	704,258

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Total liabilities	508,031	535,836	1,163,832
Total assets	907,348	986,428	1,684,055
Gearing ratio	55.99%	54.32%	69.11%

Note: Asset-liability ratio is calculated by dividing total liabilities by total assets and multiplying the product by 100%.

41. EVENTS AFTER THE RELEVANT PERIODS

No significant events have occurred to the Company, or the Group or any of the companies now comprising the Group in respective of any period subsequent to 31 December 2025.

42. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.